

SOCIAL ACTION



SEPTEMBER 1957

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SOCIAL ACTION

VOL. 7 NO. 9

SEPTEMBER 1957

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This Side and That

Red Tactics

The Communist-dominated coalition-ministry of Kerala were not slow in showing their true colour, a vivid red which electoral dust had toned down. Once they felt well in the saddle, they developed a peculiar trotting and capering which attracted public attention at home and abroad: relief and protection to all varieties of squatters, subtle distinction between anti-social activities and mass demonstration against the managers of foreign-exchange earning plantations, confirmation of previous educational favours to pupils of backward classes, even Christians included, alluring promises to all teachers of private aided schools, etc., up to the Mundasserry Educational bill which brought out their strategy and tactics into the open.

This mild-looking vicious manoeuvre, which is part and parcel of their strategy of building up a monolithic regime, was planned and executed to drive

a wedge between school-management and the school public. As they try to rally the labour force against the plantation managers, they hope to win over the backward classes and the teachers against the managers of private schools. The Mundassery law would not nationalise all the schools at one stroke, it would enable the ministry to absorb them gradually, by units or by category, without any interference from the judiciary. It would imply gradual nationalisation at the sweet will of the Ministry, and the courts of law, as we label our courts of justice, would have only the most tenuous occasion of arresting the process. One may expect other parallel enabling laws to cover other fields of nationalisation, skirting the limits of the Constitution in the letter of the law and outstepping them in detailed application.

Red Logic

In their effort at building up a monolithic system of education, the Communist party are quite consistent with their principles; they are also consistent with their prosecution and persecution of the Christian churches which are the strongest rampart against the fundamental atheistic postulate of Communism. They are also logical in attempting to undermine India's Constitution from within; they are bent on remaining in power as long as they possibly can to do their work, and in the meantime hypnotize the Central Government with respectful gestures and loyalty protests. It might happen that in New Delhi there are still people who are not aware that Communist party-men are first of all impenitent philosophers who pursue their ideal relentlessly through the meanders of Marxian praxis.

It is regrettable that the *Patres Conscripti* who framed our Constitution did not more explicitly assert the principles of their democracy and particularly acknowledge the primary right of parents on their children's education. By the fundamental law of human nature, parents are the prior educators and parents call on State help only as a subsidiary guardian to supplement or complete parental education.

Wave of Opposition

Happily parents in Kerala are conscious of their rights and deeply steeped in India's great tradition of liberty in education. In this ancient land private initiative has an age-long record of free schooling and Kerala itself is possibly the most conspicuous instance in which private agencies have displayed their unchallengeable superiority over governmental initiative and achievement. The people have been stirred to their deepest depth in protesting against the Mundaserry bill; they have systematically demonstrated its vicious policy, denounced its unconstitutional letter and spirit, and mobilized popular opinion before which the previous regime had to bend its proudest head.

A return to genuine democratic philosophy is imperative. Let the State governments be satisfied with promoting and assisting parental and private initiative, and provide what type of schooling people are unable to establish. Let them take inspiration from what is possibly the most genuine democratic school-law, which can be studied in the Netherlands where private agencies are given full facilities to establish schools and receive grants-in-aid as well as Government

schools, provided conditions of hygiene and qualified staff are equivalent. In a genuine democracy the slogan should hold good : to equal schools, equal grants. May the Kerala people turn to genuine democracy !

Variegated Socialism

"Socialism has become an ambiguous term ; it is so not only in this country where socialism covers systems going from unadulterated Marxism to personalist socialism, but also in the world at large. The ambiguity was neatly expressed at the International Socialist Congress which was recently held at Vienna, in a declaration of Shri A. J. B. Kripalani, which European and American publicists have not stressed and which many Indian electors should note carefully.

Shri Kripalani declared in substance : "Asian socialists do not accept European socialism based on Marxism and materialism. Asian socialism is based on morality, equality, justice and religion. Indian socialists are opposed to nationalisation. They advocate a decentralised industry to prevent unemployment. There is a difference between industries in Europe and in Asia. In Europe labour is scarce whilst there is plenty of it in Asia. The Socialist International must widen its scope if it wants closer cooperation between European and Asian socialists".

An Austrian socialist, Herr P. Straser, replied that European socialism was not based on Marxism, except for a few who based their political convictions on Das Kapital.

A. L.

The Budget — Its Human Aspect

Few events, in recent times, have stirred the country more than the publication of India's Central Budget for 1957-58. This is, perhaps, all to the good for no democracy worthy of its name can hope to thrive unless its citizens take an active part in the affairs of the nation. The present Budget has this merit precisely because its provisions touch the interests of every class in the Indian Union.

What the people think

Taking at random some opinions on the Budget we find it described as "The severest budget in history", according to the correspondent in India of *The Economist* (May, 25th, 1957). "An Icy Blast" is how *The Eastern Economist* (May, 17th 1957) depicts it. Speaking at the Commerce Graduates' Association in Bombay on May 25th, Mr. A. D. Shroff said: "The Central Budget presented last week is a gamble in planning". "The Budget will prove definitely inimical to sound and safe economic development the country, and detrimental to its moral fabric" writes a columnist in *Commerce* (May 25th 1957).

But this is not all. While the experts have given their opinions in the Press and from the Platforms of the country, perhaps, the most interesting commentaries on the Budget are heard from the common man as he moves to work by train or bus or as he relaxes for a cup of tea or coffee in the many small restaurants of our towns and cities. He satisfies his need as he

reads the legend: "One cup tea no sugar — two naye paise less!", or again, "Gur is sweeter than sweet sugar".

Why taxes?

What the common man is at pains to understand is how this formidable array of taxes — income tax, super tax, wealth tax, expenditure tax, taxes on various commodities — is going to help him, and bring about that Welfare State we all so wish for! The four objectives of the taxation proposals give, to some extent, an answer to this question. The objectives of these proposals are that,

1. they must produce a sizable addition to public revenues ;
2. they must provide incentives for larger earnings and more savings ;
3. they must restrain consumption over a fairly wide field so as to keep in check domestic inflationary pressures and to release the resources required for investments, and
4. they must initiate such changes in the tax structure as would make tax yields progressively more responsive to increased incomes and facilitate an orderly development of the economy, with due regard to the social objectives we have adopted.

Obviously the four objectives are all interlocked. In the light of these proposals, and leaving aside the possibility of monetary aid from overseas, there can be no 'addition to public revenues' unless that addition

comes from the earnings of the people, and of course, the larger the earnings of the people, the larger can be the slab taken from them for these public revenues. And here the confusion arises, at least in the mind of the common man ! What is the use of incentives "for larger earnings and more savings" if he, ultimately, is denied the enjoyment of his bigger income and increased savings ? To be sure, he would like to contribute his mite towards the expenses of the State. Yet, he must have the wherewithal, first, to satisfy his own needs before he is able to make such a contribution. And this he finds, to say the least, difficult ! In fact, the direct taxation which the proposals introduce now brings within its net persons whose gross earned income is Rs. 3,000 a year. That means that people who earn, approximately, Rs. 250 a month will be forced to make their contribution towards public revenues ! There is no need here to invoke the aid of statistics or figures of the family budget of persons whose income each month is merely Rs. 250, in order to understand the financial straits in which they live ! With an all-round rise in prices, thanks again to the Budget, and the rising costs of education, it is not easy to understand how the ordinary man, the large number of the middle-income group, can make ends meet, not to mention the contributions to the public revenues.

Restraining Consumption !

What perhaps astonishes the common man most is the recommendation "to restrain consumption" put forward by the taxation proposals ! In a country in which the greater number of people live without the barest necessities of life, it is almost fantastic to speak

of restraining consumption. Perhaps Mr. A. D. Shroff's illustration, taken from his address quoted above, will make this clear. He said : " I was recently at a village near Baroda and went round a free primary school. The total number of people in the village was about 900 and the number of children of school-going age was 98. When I enquired I found that only 58 children attended the school, and I asked why the other 48 were not brought to school. I was told that the parents were hesitating to bring them, because they had no clothes to put on ". Mr. Shroff, then, significantly adds, " Well, if this is achieving a higher standard of living for the masses, under our schemes of planned development, I would leave it to the authors of planned development to get whatever satisfaction they derive from this reality in Indian life. What I wish to emphasize is that in a country like ours where the overwhelming majority of people live on the bare subsistence, the objective of restraining consumption, particularly of the daily necessities of life, can only be described as the achievement of a still lower standard of living ".

It needs no great experience of Indian life today, to know that examples such as given by Mr. Shroff may be found in most parts of the country, and that the basic needs of the majority of the people in the country are so far from being satisfied that any talk of restraining consumption is certainly out of place ! However, it would not be fair to omit to mention that since the tax proposals were first published, the Finance Minister has graciously condescended to lessen the hardship of the common man by introducing certain

modifications on some excise duties. This was done in the Lok Sabha on June 7th, when, among other changes, the increase proposed in rates of excise duty on kerosine, tea and coffee have been withdrawn.

On the utility of hartals !

It is interesting to note the Finance Minister's explanation for withdrawing the increases in the excise duty on tea and coffee. He said : " Both these items (tea and coffee) affect largely the urban population who are vocal. It is easy to get people to join a *hartal*, if a tea shop has added one anna or six naye paise for a cup of tea. I realise that the incidence of duty here is fractional so far as tea is concerned, and not very much so far as coffee is concerned. The total return which we get out of this is Rs. 325 lakhs. Still there is a large urban population which is amenable to the influence of my friend, the Leader of the Communist Group. My Hon'ble friend says, 'what can I do ?' We had it in Calcutta. You can have a *hartal* in any place. If any non-compliance with a *hartal* is followed by consequences which are far more serious than following a *hartal*, if my Hon'ble friend thinks we do not know about it, I think, he does less justice even to the meager intelligence that I possess.... Therefore, Government have decided to withdraw entirely the increases proposed in the rates of excise duty on coffee and tea and I hope Hon'ble Members and their friends will not pay anything more for their cups of coffee and tea ".

Commenting on the reason which forced the Finance Minister to withdraw the increased excise duty

on tea and coffee, *Commerce*, (June 8th) writes, "It looks as though the main factor that made him give up these additional excises was the fear that the political opponents of the Congress Party would make capital out of them." However, this may be, it is a distressing commentary on the fact that these increased excise duties were withdrawn not out of any consideration of the hardships they inflicted on the masses, but because certain elements in the country were prepared to have recourse to force! Hence, the common man rightly asks whether, if and where the people are not "vocal", if they do not wish or cannot indulge in *hartals*, must they suffer all things at the hands of the powers that be? Can the Government be coerced to step aside from a path which it considers right and just? Would it not have been much more in keeping with the decorum of the Government to withdraw these increased excises precisely because they tend to deprive the masses of the necessities of life, and not because "safe politics" or fear or favour dictated such a course?

The wealth and expenditure taxes

If the lower income group is now directly hit by Income Tax and indirectly by the many taxes on commodities which are necessities today, it does not escape the adverse effects which spring from the new taxes on wealth and expenditure which fall on persons of the higher-income groups. In this latter group are the businessmen, industrialists and employer-class who still operate in what is left of the so called private sector of the country's economy. It needs not deep knowledge of human nature to understand that when

this group feels the pinch of the new tax burdens, they are not going to sacrifice themselves for those who depend on them for employment and wages !

The Wealth and Expenditure Taxes are new impositions and appear for the first time in India's budget proposals. Of the former, the Finance Minister, when presenting the final version of the Central Budget for 1957-1958, said, "My first proposal is to levy a tax on wealth. It is recognized that income, as defined by existing Income-tax laws and practice, is not a sufficient measure of tax-paying capacity and that the system of taxation on incomes has to be supplemented by taxation based on wealth. This is more equitable and it also promises, over a period, to reduce the possibilities of tax evasion.... The tax will be payable by individuals, Hindu undivided families and companies. In the case of individuals, values up to Rs. 2 lakhs and in the case of Hindu undivided families values up to Rs. 3 lakhs will be exempted. In respect of wealth exceeding that amount, the rate will be $\frac{1}{2}$ per cent for the first Rs. 10 lakhs, 1 per cent for the next 10 lakhs and $1\frac{1}{2}$ per cent on the balance... In the case of companies there will be no tax on assets up to a value of Rs. 5 lakhs ; on values beyond that the rate will be $\frac{1}{2}$ per cent. The wealth tax is intended primarily as a measure of personal taxation, but, in the peculiar economic structure of India, I consider it advisable not to exclude companies from the purview of this tax." Referring to the Expenditure Tax in his same Budget speech, the Finance Minister said : "The other proposal I make is the introduction of a tax on expenditure. This is a form of taxation which has no

backing as yet of historical experience. It is, however, a tax which, given effective administrative arrangements, can be a potent instrument for restraining ostentatious expenditure and for promoting savings... I propose to levy this tax only on individuals and Hindu undivided families whose income for income-tax purposes is not less than Rs. 60,000. The tax will be imposed on all expenditure incurred, from whatever source it may be, in excess of certain sums which will vary with the size of the family. The amounts excluded are a basic amount of Rs. 24,000 for an assessee and his wife and Rs. 5,000 for each dependent child. The rate of tax will be based on a slab system, the rate for each slab increasing progressively with the increase in the level of expenditure. Thus for excess expenditure up to Rs. 10,000 the rate will be 10 per cent and for higher slabs, the rate will increase progressively... I propose to make this tax applicable from the financial year 1958-59 and, therefore, take no credit for any receipts in 1957-58". It should be noted that in the changes in the budget proposals announced by the Finance Minister in the Lok Sabha on June 7th, a wealth tax holiday was proposed for the first five years from the date of incorporation on the value of the assets pertaining to an industrial undertaking of a new company. However, such a company should not be formed by the splitting up or by the transfer to a new business of buildings, machinery and plants already used in an existing business. It was also proposed that investments of one company should not be included for the purpose of wealth tax in the hands of the investing company.

As may be expected, these new taxes have come in for serious and unsparing criticism! A columnist in *Commerce* (May 18th, 1957) says of them: "They will discourage savings and hard work. They will open the flood-gates of corruption in the administration. They will add to the scope that already exists for harassing the assessee. They will reduce the scope for privacy in life and tend to make the people slaves of the State. They will give new impetus to the inherent tendency among our people to hoard their wealth in such unproductive assets as gold, silver, diamonds, platinum and other precious metals: in short, they will drive underground such savings as are left and adversely affect the banking habit built over years of hard work and against heavy odds. They are entirely foreign to the Indian soil and offend the generally accepted principles of sound equity taxation. They will bring about a further deterioration in the morale of the people". (p. 979).

While this picture of the possible effects of the new Wealth and Expenditure taxes may be too gloomy, there is nothing to assure us that the forecast of the Government on the effects of these taxes are any more certain. In fact, there are too many psychological urges and drives involved in the spending and saving habits of a people to allow of any dogmatic prediction. Thus, Messrs. Place, Sidons and Gough, a leading Calcutta firm of share-brokers, in their month of June fortnightly, *Share Market Report*, commenting on these taxes say, "The avowed purpose of the expenditure tax is to curb consumption, in other words, to promote saving. There is, of course, the possibility that, instead

of saving part of income which would be spent on extravagant consumption, the effect of the expenditure tax may be to discourage the earning of that much income. The tax will then act as a dis-incentive to work, not as an incentive to save. To what extent this effect will appear can only be known from experience of the working of the tax in practice. As India is the first country in the world to introduce this novel tax, there is no previous experience on which we can draw."

The inspiration behind the new taxes

It is an open secret that the introduction of these new taxes owes much to the Kaldor Report. Professor Nicholas Kaldor is a Cambridge economist. Some years ago he visited this country and drew up his report when, it is said, the Government of India was considering problems and policies of taxation. However perfect in theory Professor Kaldor's taxation proposals may be, like everything else imported into this country, their success, in the final analysis, depends to a large extent, on their suitability and acceptability to Indian ways of thought and habits and conditions which obtain in this country. And it is just in this field that these proposals would appear to have hit a snag!

One of the Professor's most fundamental recommendation is the imposition of an expenditure tax which, so the theory says, makes consumption a better criterion for judging the capacity of a person to bear taxation. In other words an expenditure tax considers what a person takes away in goods and services from the nation's stream of manufactured goods and services,

and taxes him accordingly. Now, in India the majority of its people still do without the bare necessities of life, they take away for their own use, a very small proportion of the goods and services : this is common knowledge. Therefore, in this country, any tax based on actual consumption must necessarily affect a very small part of the population — the economically better off part of the people. If then, savings would result from the imposition of such a tax, it is obvious, that this would be the savings of those who are already well off, and the real effect of the expenditure tax would be to concentrate more economic power in the hands of the few. In such circumstances one naturally asks what happens to the much lauded Socialistic Pattern of society which we are all engaged in bringing into existence ?

Further, it is not at all sure that the expenditure tax will make tax evasion more difficult. Indeed, had the learned Professor known something of the working of Indian business and business habit he would have understood that such a claim is unfounded. Writing in the April 8th issue of *Commerce*, Prof. P. C. Jain says : " In India fictitious *benami* transactions are not unknown and an expenditure can be safely evaded by showing an outlay on buying a house or some other property which in fact actually belongs to someone else. If both parties were subject to the expenditure tax such transactions could easily be discovered, but it would be almost impossible to do so if one of the parties is not paying the income tax or the expenditure tax. Moreover, in the case of small business in India, personal accounts are mixed up with business accounts,

and it would be quite easy to evade an expenditure tax by either inflating the receipts of the business house and reducing one's own income or by passing some items of the expenditure to the business house. In the cause of big business the allowances made available to business executives in connection with business, in spite of all the suggestions which Dr. Kaldor has made in this connection, would give scope for tax evasion." (p. 697).

However in spite of these severe strictures on this year's budget in its relation to the common man, Dr. V. K. R. V. Rao, one of India's foremost economists, in the A. I. C. C. Economic Review (June 15, 1957), has calculated that in reality the incidence *per capita* on the common man would come to little more than one rupee per head per year. The common man, whose income is below Rs. 3,000 a year, is not affected by the direct taxes. Neither customs duties, nor the excise duties on cement and steel will affect him, but the excise on motor spirit and diesel oil will slightly increase his transport charges. He will definitely be affected by the increase in railway fares when he travels, and by the increased rates of postage for his letters. In all he will roughly be paying to the exchequer approximately Rs. 37 crores. But when the standard of living in India is as low as it is, even this amount will mean some sacrifice. But without a sacrifice there can be no advance, and though some of the frills may be cut out, the essential core of the Plan — steel, fuel, transport and power — must remain intact to break the vicious circle in which the country is caught.

Moreover, it will give the common man no little satisfaction to know that all his sacrifices are not in vain! In fact, the preliminary review of the progress of the Second Five Year Plan during the first year of its operation makes heartening reading. Writing on the progress of industrial production, *The Economic Weekly* for July 6th says: "According to the official review production in all the principal organised industries (barring aluminium and vanaspati) was higher in 1956 as compared to 1955. The revised index of industrial production rose from 122.1 to 132.7, i.e. by 8.7 per cent. Separately the output of radio receivers rose by 86 per cent, and the increase in output of bicycles, automobiles, electric motors, transformers and power driven pumps ranged from 33 to 60 per cent. Cement, sugar and diesel engines belong to the category of industries where the increase was in the range of 10 to 25 per cent. Production of steel and mill-made cotton cloth recorded an increase of only about 4 per cent. A number of new items were also produced in the country for the first time. Levels of output in industrial undertakings in the public sector, say the official reviews, were also generally higher than in 1955, i.e. in locomotives, integral coaches, DDT, penicillin, newsprint, cables and machine tools. The order of output obtained in these public industrial enterprises has not, however, been indicated — for what reason it is difficult to say". (p. 849).

C. C. Clump

The Verdict on Nationalisation

Scarcely a decade ago, nationalisation of large-scale industry was regarded as the panacea for all the ills of our economic system, especially the exploitation of the worker through large profits and the maldistribution of wealth. Today however the pendulum seems to have begun swinging in the opposite direction. More than one voice is now heard to decry the failure of nationalisation to achieve the goals it was intended to achieve. Among the most outspoken have been the leaders of the Labour Party in the United Kingdom, men like Mr. Gaitskell, Mr. Crossman, Sir Richard Acland, backed by the eloquent silence of Mr. Aneurin Bevan, which is more powerful than words. The Anti-Cartelisation Act that has just become law in West Germany is a pointer in the same direction, while the Common Market Plan for the six European countries will mean a definite step in the direction of free trade. All the same there is no likelihood of a return to the days of 'laissez faire'. But the rapid change of opinion in regard to nationalisation in particular is all the more remarkable because of the fervid faith with which it was accepted by its believers. How has this change come about?

Reasons for Nationalisation

It was generally held that industries providing essential services like gas, electricity, or transport should be in the hands of the State, because either the size of the producing unit is very large in comparison with the market, or because the apparatus for distributing the product involves heavy capital expenditure.

To have two or three competing firms to provide these essentials would mean a waste of productive or distributive equipment. And so a monopoly for their production should be granted to one of the producers. In order to safeguard against all possible exploitation, it was argued that such public utility industries should be both owned and managed by the Government.

Another important reason for nationalising industry was the dangerous situation, not only economic, but even political and social, caused by large-single firm monopolies. Of course they could be broken up by Anti-trust laws, but competition of several small firms would deprive them of the economies of large scale. So the ultimate solution seemed to be that Government should take them over lock, stock and barrel.

A third important argument in favour of nationalisation was the existence of certain commodities that were widely used by several industries, the proper supply of which in the required quantities might endanger the economy. It was generally felt that the production of such commodities would be safely vested in the hands of the State, since the public welfare was intimately concerned. These three arguments related to the essential structure of an industry or its significant function in the total economy and show why the industry should be nationalised, from certain natural propensities that it possesses for state monopoly.

The fourth argument is from a different angle, that of Efficiency. It was firmly believed that large

scale production provided illimitable facilities and advantages that should not be foregone in the public interest. It was therefore evident that the more competition was ruled out and the larger the size of the firm as a result of unification or monopoly, the greater would be the economies secured. In particular, it was felt, at least as regards the state of industry in England at the time, that for instance in the case of electricity or gas, the optimum size of the firm was larger than that of the existing firms, or that the large-scale coal and steel industries urgently needed reorganisation, or that the competition between the railways and road transport was wasteful because of heavy overhead charges.

But if such great economic advantages were to be obtained by the promotion of large-scale industries, these could not be placed in the hands of private owners but should be transferred into the hands of Government. Marx has already pointed out the development towards concentration of industry in the hands of the few but he had also urgently demanded that the means of production should all be concentrated in the hands of the State to prevent every form of exploitation. And the Marxian dogma was widely believed and proclaimed.

Finally it was customary to argue that the profit motive was incompatible with public interest. In many cases it appeared that where the employer was only concerned with maximising profits, his level of investment was often too low to ensure full employment, or to escape the normal and abnormal cyclic changes

that were a constant threat of unemployment to workers.

Social Arguments

To the economic arguments were added arguments from the ethical and social standpoint. Thus there was a widespread belief that the profit motive was inherently evil and should not be tolerated. The only way to suppress it was to have the community run all the industries. It was also thought that the relations between management and labour would inevitably improve when the State took over industry, and that industrial democracy could not be established without public ownership. It was further assumed that especially economic equality could not be guaranteed unless all private incomes from property were extinguished. But would not such a policy of expropriating ownership in property be unjust and impolitic? Compensation would have to be paid. All the same the interest rates to such holders of compensation stock would be less than the high dividends paid them by private firms.

The Experience of Nationalisation

Those countries that have tried the experiment of nationalising certain of their key industries during the period after the last World War, countries for instance like Britain, have not achieved the results of higher production, and redistribution of income they expected. Economic conditions have changed vitally in quite a few aspects. It is now clearly perceived that ownership of property is one thing while control of property is

quite another. In most industrial firms, the shareholders have little to say in the policy of the firm except to receive dividends and censure the management if profits are less than they expect. As to the control of the firm insofar as policy-making and responsible decisions are to be taken, it is the management of the firm that is entrusted with these duties. But even management is not all powerful ; Government pressure can always be brought to bear on management to toe the line in the public interest. Thus Government can plan even for the private sector and can effectually carry out its will without the need for nationalising private industry. Through the budget and the Central Bank of a country, Government can always guide even private industry along the lines it pleases.

Another important change that has occurred recently is that since most people do not receive large differences of income in hand as they used to before, their spending power has been equalised to a large extent. And so it has become out of date to speak of production for use and production for profit as economists used to do before.

A grave problem that has arisen with nationalisation is how to control the industrial sector that has been taken over by Government. It hardly matters what the percentage of stock of the industry has been purchased by the State. The difficulty is to make the autonomous boards that have been set up to run these industries responsive enough to the guidance of the Ministry. In Britain, "it was a common saying", writes Mr. C. A. R. Crossland, "that the Government

had less power over Lord Citrine than over I.C.I.; and the quip was not without force. The Bank of England, for example, continued to pursue a highly independent policy of its own, especially in the field of foreign exchanges. In the crucial fuel and power industries, control was almost non-existent. The three industries were allowed to go their own independent way: each competing and advertising against each other, each charging the lowest price it could, each unrestrictedly pushing sales in every direction, oblivious of the fact that coal was desperately scarce and large economies clearly possible if policy were only unified. It was a situation which cried out for government co-ordination, either through prices or physical controls; but none was forthcoming."*

Of course much of this difficulty rose from the fact that in Britain the Nationalised Boards were given a wide area of freedom within which to work in order to prevent them from being transformed into mere Government departments, as in many cases they have become in India. Nor was there any Planning Commission in the United Kingdom of the sort we have in this country to lay down specific targets and the time limit for their achievement. But as Crossland argues, the point is that if there is no insuperable economic difficulty about the Government imposing its will on either public or private industry without nationalisation, then why should it be necessary to nationalise industry at all? Modern recent experience seems to prove that Governments have all the economic power

* The Future of Socialism by C. A. R. Crossland, pg. 467.

they need ; they must choose to use it. The mere change of ownership does not make a decisive difference.

Other important lessons to be learned from the experience in nationalisation are that monopoly has not all the advantages over competition ; competition does tend to prevent sloth and encourage initiative and to cater more to the varied tastes of the consumer, while monopoly places a restraint on freedom nor does it give talent fair opportunities for expansion. Further there seems to be a strong view of the limitations of large-scale enterprise. While it may be true that the purely material economies of large-scale are evident enough, the difficulty arises for both labour and management. There are limits to the capacity of management to attend to the needs of a firm beyond a certain size. Similarly, it is now maintained that it is scarcely possible for healthy labour relations to be maintained in a factory employing more than 500 men. If there are many more engaged the factory should be broken up into several units to achieve the proper size.

Public and Private Sector

In India we have our Public and Private Sector. In imitation of the British post-war economic set-up, there has been in this country a cry for nationalisation. No sooner did the country become independent than several of the industries were taken over by the State, and new State enterprises begun. The Railways and the Aviation Companies were nationalised. State Transport quickly followed the same path in the dif-

ferent States. The new Sindri Fertilizer Factory, the Chittaranjan Locomotive Factory, the Perambur Coach Factory are essentially Government enterprises. All Life Insurance Companies were recently transferred into the hands of the State. The Hydro-electric projects undertaken during the First Five Year Plan were all financed and executed by the State. The new steel factories planned for the Second Five Year period, will be Government owned and run.

This policy of the public ownership and management of large sectors of industry has been shaped by the terms of the Industrial Policy Resolution of 1948, according to which "the adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide, have also to be in the public sector." Then follows the classification of all industries into three categories, those which are the exclusive responsibility of the State, those in which the State will take the initiative, but in which private enterprise will be expected to supplement the effort of the State, and lastly all other industries which will be left to private enterprise. It is however stated that even where the first category is concerned "the State is free to secure the co-operation of private enterprise when the national interest so requires, subject to the proviso that while securing such co-operation, it will ensure through majority participa-

tion in the capital of the undertaking or otherwise that it has the requisite powers to guide the policy and control the operations of the undertaking."

The experience in India of our nationalised industries has not been too favourable. In most cases the management of the industries has been placed in the hands of the capable Indian Civil Service personnel. These men have had years of experience in administration, but they are novices where managerial functions are concerned. Till they are prepared for the technical job of running a business, the industry is not likely to prosper under their guidance. On the other hand, they have been helped especially in the new enterprises by a capable band of scientists and engineers, and the result has been a gradual improvement over the years after the first mistakes. Production targets have been achieved, but where there is no competition, it is difficult to judge of efficiency. However the Sindri Fertiliser Factory has doubled its expected output by the end of the First Five Year Plan. The Chittaranjan Locomotive Factory has already begun to produce locomotives for the railways at the rate of 14 per year which will soon rise to 50. Similarly the Perambur Coach Factory with its training centre is in a fair way to achieving the results expected of it. But an old industry like the aviation industry has certainly suffered by the change of management. The losses of income to the nationalised company have been considerable in the last few years.

Some of these industries have Boards of Management that are autonomous in some degree. But others

especially the locomotive and the coach factories are mere departments of the Railway administration. In most cases the control of Government over the Boards is therefore much greater than in Britain, and the accountability of the management to the Minister correspondingly higher. The tendency is therefore towards over-centralisation, and red-tapism is rampant.

In the public sector, relations between the new managerial staff and labour have been none too happy. A slight increase of wages has to be sanctioned at ministerial levels while the bureaucratic temperament of the managers does not help them in their dealings with labour. When questioned, some of them felt that the union was a superfluity in their factories, while others seemed quite contented with the company unions they had created in their industry. The Workers' Education Report that has been recently published, specifically recommended that the Government should set the example of being a good employer in the Public Sector.

The Future

What is likely to happen in India is the growth of private enterprise even in that section of industry which is now the preserve of the public sector, so that side by side with enterprises run by the Government there will also be some run by private individuals or groups of individuals. The trends of economic thinking in Britain normally take time to percolate into our Universities and other public bodies that form public opinion in India and influence the Planning Commis-

sion. There is no doubt that the private sector has done well for itself. Investment by private enterprise has exceeded all expectations already during the first year of the Second Five Year Plan. From the policy outlined in the Plan, it seems fairly clear that no doctrinaire approach to nationalisation has been envisaged, although the planners have been deeply influenced by the ideology of the Labour Party in Britain and Socialism in general. But the experience of nationalisation abroad will certainly have repercussions in this country. How true are the words of Pope Pius XII, who had already commented on the problem in May, 1948, when he pointed out that the Church approves of nationalisation of industries "which cannot be left in the hands of private individuals without endangering the common good.... To make nationalisation, however, the normal rule for public organisation of the economy would be to reverse the order of things." We need most urgently to get rid of the doctrinaire idea that public ownership is necessary for the control of industry, for this is one of the most important lessons of experience in regard to nationalisation.

A. Fonseca

Documentation

THE BUSINESSMAN AND THE STATE

(Extracts from various Encyclicals of Pope Pius XII)

The Responsibility of the Christian business-man towards his workers

The material and moral conditions of work for men, and especially for women, in workshops and factories, the standard of human relations between the head of the enterprise and the workers of all ranks who labour for the common prosperity, the share workers have, with all those in the enterprise and in the country for the establishment of social justice — all this, ought to be so many considerations to occupy the mind and heart of all those who have the responsibility of being the head of a business concern. To meet his obligations, the head of the enterprise will not fail to foster, more and more, all loyal contacts with those who furnish him with that irreplaceable experience which alone the world of labour can provide, and who will help him realise that the aspiration of every worker is to be treated not only as "a hand that is hired out and one who sells his work", but as "a man, a member of human society, who wishes to collaborate for the good of the same society, in the enterprise in question."

(To the President of the Centre Francaise du Patronat Chretien
Rome, March 8)

Workers must have the same economic and social Security as employers.

If the owner of a concern secures by means of his enterprise the consolidation and stability of his social position, is it not becoming that he should bring himself to confer like benefits on those who depend on him, and who contribute to his support by their labours? Have these people, also, not the right to occupy a stable position in society, to possess

the necessities of life for themselves and their families and to use their possessions to obtain a legitimate profit? This is not the place to go into a detailed examination as to how small and medium enterprises may contribute towards securing the social stability of their personnel and, how by granting them greater access to private ownership, they may enjoy the liberty it confers. We wish, however, that the greatest number of men may be given this opportunity to acquire this stability coming from the guarantee of permanent resources and which may be increased by one's personal labour. It is certain that workers who know that their interests are bound up with the prosperity of an enterprise, because a part of their resources is in the venture, will feel themselves very closely obliged to help with their efforts and even sacrifices. Thus, they feel themselves more like men, the custodians of a large share of responsibility. They realise that others are indebted to them and, with a good heart they go about their task, often though it be hard and exhausting.

Employer-Worker collaboration

The economic and moral function which every man aspires to fulfil requires the unfolding of personal activity which should not be wholly subject to another's will. The head of an enterprise appreciates, above all else, his freedom to make decisions: he foresees, orders, directs while taking responsibility for the measures he ordains. His natural gifts, his former theoretical training, his technical skill, the very experience he gains in the discharge of his office, all this, become a principle of the development of his own personality and of his creative pleasure. But, once again, can the head of an enterprise refuse to his inferiors that which he, himself, appreciates so much? Should he reduce his daily co-helpers, to a rôle of simple, silent performers, who, though they wish it, are unable to make use of their own experience, with reference to those decisions which concern their own activities? A humane attitude in business enterprises should, doubtless, safeguard for the common good, the authority of the head of

the enterprise, but this does not involve such a great blow to the value which the workers possess. Moreover, when there is a question of improving technique, or the need of real effort to increase production, an appeal will have to be made to the indispensable collaboration of the workers.

(To members of the Catholic associations of small and medium enterprises. Castle Gandolfo, October 8)

The evils of exaggerated State interference

Just as the Church does not hesitate to raise her voice in protest when the civil power tries to arrogate to itself a monopoly of the instruction and education of the young, so in like manner, She opposes, on the basis of moral principles, everyone who would attribute to the State excessive control over the economic life of its citizens. Where this interference is not restrained there can be no adequate solution of the social problem. Where this interference is extended to "total planning" certain aims are realised, but only at the cost of inestimable losses brought about by an insane and destructive urge. The just liberties of the individual are destroyed. The security of labour is disturbed. The social character of the family is violated. The love of country is corrupted. The precious patrimony of religion is obliterated.

We hope, therefore, that responsible men will not yield to the easy temptation of inviting, on the part of the State, an excessive interference which would embarrass, discourage and suffocate the independent action of men who, while they work, of course, for their own legitimate interests, still are making an essential contribution to the welfare of all their fellow-citizens as well as to the prosperity of their native land.

The just limits of State intervention

We must, however, add another word with the same pastoral frankness. One sometimes hears understandable, but scarcely justifiable, complaints about certain interventions of

the State, which are directed not towards hindering the productive impulse, but rather towards regulating in a more equitable manner distribution of the goods produced by human industry.

Such intervention cannot be called unlawful without some qualifications. Our rejection of totalitarian planning which destroys all individual enterprise does not imply that a regime of absolute freedom in the economic field is acceptable. This would be, in fact, to set a premium on indifference to the welfare of others, and would engender contempt for certain indispensable principles dictated by considerations of human and Christian brotherhood. These principles are more urgent today than ever before.

*(To members of the Italian Water Works Society,
Rome, April 14).*

The subsidiary nature of State intervention in business

It is evident that the realisation of these objectives (i.e. the just distribution of wealth) cannot be confided to private initiative alone, much less can it be left, as many would wish, to the free play of economic forces. Such a doctrine is founded upon a false conception of the State and man, and results many a time in class-war, which has subjected the gradual development of the economy to a rude shock. Since egotism, in this field, shows itself too frequently, it belongs to the State, as the promoter of the common good to recall individuals to their social duties, and to regulate, always within the limits of justice and honesty, their economic activities so as to bring such activities into harmony with the common good.

It would, however, be no less fatal an error to assign to the State the duty of planning the whole economic life, in order to establish the ideal of a chimerical equality between all men. Even in this field, the intervention of the State can

only be subsidiary: its action will be inspired by justice without suppressing individual initiative. Thus, the State will intervene only, at the moment and in the measure, required by the common good, in order to stimulate and coordinate, while leaving to citizens and lesser organizations those functions they are able to discharge by their own proper means. "The economy," said the Holy Father, in his discourse of May 7th, 1949, "no less than any other branch of human activity, is not, by its nature, an institution of the State, it is, on the contrary, the living product of the free initiative of human beings."

(Directives of Pius XII to the Italian Social Week at Bergamo, Italy. September 23 to 30).

Social Trends

Seminar on Slum Clearance

The Indian Conference of Social Work recently organised a Seminar on Slum Clearance. The Souvenir volume containing the names of the persons who took part in the Seminar and some of the more important contributions has been published, and the final reports of the Working Groups publicised.

Slums in India can be roughly divided into urban and rural slums. The Seminar was mainly concerned with the former, with special reference to the situation in the City of Bombay. A slum was described as "a chaotically occupied, unsystematically developed and generally neglected area which is over-populated by persons and overcrowded with ill-repaired and neglected structures. The area has insufficient communications, indifferent sanitary arrangements, and inadequate amenities necessary for the maintenance of physical and social health and the minimum needs and comforts of human beings and the community. There is a general absence of social services and welfare agencies to deal with its major social problems of persons and families in respect of sub-standard health, inadequate income and low standard of living who are victims of biological, psychological and social consequences of psychical and social environments."

The causes of slums were held to be the absence of social organisation to deal with social change, no control over immigration into the towns and the growth of population, absence of town planning, low income,

high costs of building houses in the urban or rural area, absence of health, education and community welfare services, haphazard industrial growth and location, and the lack of cheap transport facilities which led to the congestion of the working population around the place of work.

The social consequences of slums are so evident to one who has merely walked through them that they hardly need mention. Briefly the slum environment makes people unhealthy in both body and mind. Disease and dirt are rampant, no family life is possible, women are degraded, and the youth succumb to the evils of gambling, smoking and petty thieving. There is no opportunity for self-development or improvement of one's skill or talent.

Of course there are different types of slums caused by different sets of circumstances, such as squatters' slums, or displaced persons' settlements, or labour camps. Each of these types requires different treatment to meet their needs.

Slum clearance generally involves two aspects, demolition and re-development. But the process must be worked according to an integrated plan. The Municipalities, the State and the Central Government must pool their resources of personnel and finance to clear the slum and rehabilitate the former slum dweller. A survey of slum areas in the city should be made and the worst slums chosen for prior treatment. The owners of the land on which the slum lies should either be compensated for the land or else develop it

according to the plan laid down by the Municipality, while the slum dwellers should as far as possible be accommodated in the developed location, and near their place of work. Side by side with the improvement in housing, the slum dwellers should be educated in better living. Essential amenities like water, lighting, sanitary conveniences, conservance, schooling and recreation will have to be provided for them. They must not be allowed to fall back into their former habits of living and behaviour.

As important as slum clearance is slum prevention. This can only be done by the vigilance of the local authorities and the strict enforcement of municipal regulations regarding squatting, in disorderly habits, building houses according to the standard specifications, and town planning.

It was felt that the minimum standards of accommodation per family should be 2 rooms each 120 sq. ft., a kitchen and verandah 120 sq. ft., a bath 16 sq. ft., and a Water Closet 12 sq. ft. In case this was too expensive, one of the living rooms could be dispensed with, but in such a way that after a period of ten years, it could be added without difficulty. Dormitories were suggested for bachelors or men living without their families in the city. It was recommended as a general rule that the planning of improved housing should be in view of the coming generation and therefore should be conceived on a more generous scale. The development of the areas should be on the principle of neighbourhood units. A comprehensive neighbourhood plan should include all necessary amenities like

open spaces, community buildings, shopping centres, etc. The reasonable size of a neighbourhood unit should be somewhere about 3500 to 5000 persons, and 120 persons per acre. 60% of the area proposed for development should be plotted, 40% to be covered by open spaces including parks and playgrounds, roads, community buildings, etc.

It was time that the Union Government legislated for a National Housing policy, and a scheme for Town and Country Planning to prevent the formation of slums. New industries should be built away from the towns.

Finally the creation of a cadre of Housing Supervisors with clear and well defined duties for the social welfare of the tenants was urgently recommended.

Obviously one can hardly disagree with these findings of the Seminar. On the contrary, the problem has been discussed and a solution suggested from a very wide consideration of all its aspects. But the main hurdle is going to be that of finance. While the Second Five Year Plan has placed aside Rs. 20 crores for slum clearance and sweepers' housing, some of the members of Seminar calculated that a full fledged scheme for eliminating slums would require the construction of 11 lakhs of houses which would cost about Rs. 500 crores. Any attempt at slum clearance will therefore have to take into consideration the financial possibilities and only then plan for the future.

A. F.

Social Study Circle

The enterprising social workers of Mangalore have been conducting a very successful study circle since 1955. The membership did not at any time exceed 15 and often they have been as few as half a dozen. The paucity of members has been amply made up by the enthusiasm of the members. Though under Catholic auspices no distinction of caste or creed is made in the admission of members. In fact one of the active members, till his election to the Union Parliament, had been Mr. K. R. Achar.

The Study Circle has been interesting itself with a variety of subjects like Social Ethics, Social Psychology, Health and Hygiene, Trade Unionism, Industrial Relations, Land Problems, Co-operatives, etc. Each member takes a particular problem and studies it as best as he can and then in a subsequent meeting shares the fruit of his labours with others. From time to time distinguished persons are invited to lecture on some important social problem and to these meetings the members of the public are invited.

Each year a symposium is held. In 1956 the symposium was on Family Planning. The subject was thoroughly discussed from the economic, medical, social and ethical points of view. The lively discussion which followed each lecture was a sign of the interest taken by the public in this vital problem.

The 1957 symposium was on a more ambitious scale and, judging from the report, a signal success. It was on Labour Relations. Several able speakers

addressed the members on Labour Relations and Labour Disputes, each lecture ending in useful discussions on the subject treated. One of the fruits of this symposium was a seminar held a short time later on Labour Relations which was attended by a good crowd. It lasted for six days. The various aspects of the labour problem were treated by specialists in the particular subject dealt with. Those who attended, among whom were many labour leaders, were very grateful to the members of the Study Circle for organising this seminar as it helped them a lot to carry on their work for the workers with greater profit.

With a little enthusiasm such study weeks could be easily organised elsewhere too for the great advantage of social workers for much energy is wasted away for lack of proper knowledge both of the subject and the technique of field work.

Agricultural Labourers

Some people are of the opinion that labour unions can exist only among urban workers and, that for the successful running of them, the members should have at least a modicum of education. Fr. Alexis, a Missionary working in the Cuddapah District, has conclusively proved by his efforts that successful unions can be organised and successfully run even among the so-called backward classes living in the interior. Fr. Alexis who has been working among these poor downtrodden agricultural labourers for many years saw clearly that one of the best ways of helping these unfortunate people was to organise them into a sort

of labour union believing in the old adage : Union is Strength. Besides uniting them to fight their battles in common there was need also to instil into them some badly needed ideas of economy, thrift and social virtues such as cleanliness and fraternal charity. The venture, at the start, looked almost utopian but, Fr. Alexis undaunted by difficulties and talk of impossible barriers, went forward step by step drawing inspiration from the little success achieved and turning his back resolutely on the many failures. In the space of less than three years the good Missionary has been able to organise the union so well that it is a force recognised even by Government officials in the area. Recently the union which is called the Cuddapah District Vyavasaya Cooleela Sarvodaya Sangam held a public meeting at which sixty-five leading members from thirty-four villages were present. At this meeting besides the Rector of the Nellore Seminary, who has taken a keen interest in the union from the beginning and has been a staunch supporter of the President, Fr. Alexis, the Social Education Officer, Mydukur and Development Block Inspector of the same area addressed the meeting and congratulated the members on their enterprise wishing them every success. The two latter were loud in their praise of the Christian missionaries who have done and are doing so much for the uplift of the poorer sections of the community.

Fr. Alexis is now busy training leaders to share with him the work of the Union and thus lighten his burden. The savings scheme is working very well. Father has many more schemes in store to enable his people to overcome the many handicaps they have to reckon with.

Co-operatives

Coastal Andhra is noted for its handloom industry. Large numbers of people live by it. The weavers, mostly simple villagers, are much handicapped for lack of requisite funds, especially to buy yarn, and a proper organisation for marketing their products. Government has been encouraging the weavers to form cooperative societies to whom generous subsidies and loans are granted.

Rev. Fr. Jayanna, the Parish Priest of Sattanapalli, in Guntur District, has organised a cooperative for his people and from reports received it is doing well though still cutting its teeth. The members are drawn from all communities without distinction of caste and creed. In fact while only 25 per cent are Catholics the rest are all non-Catholics, mostly Hindus. The Cooperative society has at present 100 looms. The share capital has been collected and deposited in the Central Co-operative Bank. When the Society is registered, which is expected to be soon, it will receive a grant from the Government at the rate of Rs. 200/- per each loom. They have still to overcome a few difficulties but with the able direction of the Father and the enthusiasm of the members the society will go forward rendering great service to the poor weavers.

F. C. R.

Economic and Social Survey

Minimum Wages for Journalists

The decisions of the Wage Board for Working Journalists appointed by the Government of India on 2nd May, 1956 for fixing the rates of wages, etc. of persons employed in the newspaper establishments were published in an Extraordinary issue of the Gazette of India, dated 11th May, 1957.

For the purpose of fixing the rates of wages the Board has recommended that newspaper establishments should be classified into the following five categories on the basis of their gross revenue.

Gross Revenue

A	..	..	Over Rs. 25 lakhs
B	..	..	Over Rs. 12½ lakhs to Rs. 25 lakhs
C	..	..	Over Rs. 5 lakhs to Rs. 12½ lakhs
D	..	..	Over Rs. 2½ lakhs to Rs. 5 lakhs
E	..	..	Rs. 2½ lakhs and below.

The procedure for assessing the gross revenue has also been laid down in the report of the Board.

Retrospective effect is given to the Board's decision from the date of the constitution of the Board in respect of newspaper establishments classified as 'A', 'B', and 'C'. In respect of newspaper establishments in classes 'D' and 'E', the decisions are operative from November 1, 1956.

The classification of weeklies and periodicals published by newspaper establishments which do not publish dailies has been recommended on the basis of circulation in the following manner :—

Class	Circulation
A	Over 25,000
B	From 10,000 to 25,000
C	From 5,000 to 10,000
D	From 3,000 to 5,000
E	Below 3,000.

On the point of allowances payable to working Journalists the Board recommended classification of cities and towns on the basis of population into the following areas.

Area	Population
I—(Cities) ..	Above 10 lakhs
II—(Towns) ..	From 5,00,001 to 10,00,000
III—(Towns) ..	From 3,00,001 to 5,00,000
IV—(Towns) ..	From 1,00,001 to 3,00,000
V—(Towns) ..	Below one lakh.

For the purpose of determining emoluments, full-time working journalists have been grouped into four categories, viz.,

Group I — Editor.

Group II — Assistant Editor, Writer, News Editor, Commercial Editor, Sports Editor, Film or Art Editor, Feature Editor, Literary Editor, Special Correspondent, Chief Reporter, and Chief Sub-Editor.

Group III — Sub Editors and Reporters of all kinds and full time correspondents not included in category two ; news photographers and other journalists not covered in the groups.

Group IV — Proof readers.

Minimum basic wages recommended for working journalists range from Rs. 90 for a working journalist in a Class 'E' newspaper establishment to Rs. 1000 for an Editor in a Class 'A' newspaper establishment. Besides fixing the minimum starting pay, the Board has prescribed the scale of pay of all categories of journalists except those employed in 'E' Class of dailies and 'E' and 'D' Class of weeklies. Dearness allowance prescribed ranges between Rs. 30 and Rs. 200, and is linked to the All-India cost of living index. Every working journalist working in areas with a population of more than one lakh will also get in addition a location allowance ranging from Rs. 7.50 to Rs. 50 depending upon the salary and the class of the town or city from the point of view of population.

Part-time correspondents, who are working journalists will get retainer ranging from Rs. 15 to Rs. 100 depending on the paper which retains their services and the area in which they function. In addition, they will be entitled to payment according to the volume of news actually published.

The Board has left conveyance, travelling, entertainment, overseas and other allowances for determination by collective bargaining between working journalists and newspaper establishments in view of 'paucity of evidence on the subject'.

It has been recommended that the working journalists should be fitted into their respective scales on the basis of a slab system with an increment for every three years of service subject to a maximum of five increments. The salary scales and grades of working journalists in fortnightly and monthlylies have not been fixed but it has been recommended that wages paid to them should not be less than those in weeklies of their class.

The Wage Board made it clear that its decisions should be reviewed by another Wage Board after a period of three years and not later than five years.

The Board has recommended to the Government of India the compilation of a middle class cost of living index based on a scientific study of family budgets.

Bonus

The quantum of bonus awarded in the various cases before the Adjudicators and Industrial Tribunals on industrial disputes during the first quarter of the year 1957, ending on March 31st of the same year varied widely from 7 days wages to 7½ months' wages. Some of the more important bonus awards were as follows:

- (1) bonus for 1954-55 equivalent to 5/24 of the basic earnings for the workmen of Crompton Parkinson (Works) Ltd, Bombay.
- (2) bonus for the year 1955-56 equivalent to 2½ months' earnings to the workers of the Indian Hume Pipe Co., Ltd., Lucknow.
- (3) bonus for the year 1954-55 equivalent to 1/45th of the total basic earnings (exclusive of overtime and all other allowances) to the employees of the Deccan Paper Mills Co., Ltd., Poona.
- (4) bonus for 1953-54 equivalent to 1/3rd of basic wages to the employees drawing wages up to Rs. 500 p.m. in the Associated Cement Companies, Ltd., Bombay.
- (5) bonus for both the years 1954-55 and 1955-56 equivalent to 7½ months' wages to the workers of Messrs. Larsen and Toubro Ltd., Bombay.
- (6) bonus for the year 1954-55 equivalent to 3 months total average wages to the workers of S. U. S. Davey Sons, Madras.

Sugarcane Production

There has been a remarkable improvement in the sugarcane crop of the current (1956-57) season. The all-India final estimate of the crop places the aggregate yield at as high as

66.89 million tons, which compares favourably with the partially revised estimate of 58.32 million tons for the previous season, representing a rise of over 7.57 million tons or 12.8%. Expressed in terms of *gur*, the production of cane comes to 6.75 million tons as against 5.98 million tons. The substantial rise in output is due partly to the increase in the area sown and partly to the increase in the yield per acre. The current season's sown acreage is put at nearly 5.02 million acres, as against 4.56 million acres, — a rise of 455,000 acres or 10%. The average yield of cane per acre is estimated to be more than 13.3 tons, the figure for 1955-56 being 12.9 tons.

The increase in acreage during the current year has been shared by almost all sugarcane-growing States, and is marked in the case of the U. P., the Punjab, Bombay and Bihar. This is attributed mainly to better climatic conditions at sowing time as compared with last year. Higher prices of *gur* and better irrigation facilities during the current year in Uttar Pradesh are also reported to be responsible for the increase in area under sugarcane.

The increase in production has been reported by almost all sugarcane-growing States, especially the U. P., Bihar, Bombay, Madras, Mysore and Rajasthan, and is attributed partly to increase in acreage and partly to favourable weather conditions during the growing period.

Cottage Industries

During the four years 1952-56 the Government of India has spent a little over Rs. 12.32 crores on the development of cottage industries.

In 1956-57 the country produced about 24 million yards of khadi valued at Rs. 4.93 crores. Total sales of khadi amounted to Rs. 5.95 crores as against Rs. 4.26 crores in the previous year. In addition khadi cloth worth Rs. 1.26 crores was pro-

duced by those who spin for their own consumption. It is estimated that there are about 587,000 such people in the country.

The number of people employed in the production of khadi in 1956-57 increased by over 400,000 bringing the total to 1,380,000. In addition, the Ambar Charka programme, provided employment to about 53,000 people.

Government has given generous help to the cottage industries and the various schemes for the development, promotion and improvement of such industries. Training centres have been set up in various parts of the country to train workers and to teach new methods for improving both the technique as well as the output in existing industries.

These cottage industries have brought relief to a large number of low income group families by bringing in a little additional money to meet the rising cost of living.

The cottage industry is still handicapped to a great extent from the lack of proper marketing facilities. The producers are finding it more and more difficult to get rid of their stocks.

As a great many of these cottage industries are in the hands of beginners in the trade the quality of goods produced is not of a high standard. But rapid progress is being made.

Unemployment in Bihar

A report on urban unemployment in Bihar reveals the extent of unemployment in the State. A sample survey was conducted in 1954 in 15 towns of the State having a population of 20,000 and more. The towns selected were Patna, Ranchi, Bhagalpur, Muzaffarpur, Chapra, Arrah, Motihari, Madhubani, Jamalpur, Purnea, Deoghar, Hazaribagh, Purulia, Dhanbad and Giridih.

In the first five cities, which have a population of 50,000 and more two per cent of the families were interviewed while in the other towns three per cent were chosen. The number of families chosen was 4,716.

Results

Out of the 4,716 families surveyed, 1,663 families constituting 35.2 per cent were found to be affected by unemployment. In the total surveyed population of 37,028 only 21,349 persons belonging to the age group 16-60 years, i.e., 57.7 per cent of the population, constituted the 'labour force'. Of the 10,884 males, 1,672 (15.4 per cent) were found to be totally unemployed. On the other hand only 1.8 per cent of the employable females (10,465), who were willing to work, were unemployed. Only 767 males, which formed 7.05 per cent of the employable males, were found to be partially employed. Thus 2,439 males out of the total of 10884 or 22.4 per cent, were employed partially or not at all. Two thirds of the totally unemployed or partially employed persons belonged to the age group 16-25.

Unemployment, total or partial, was less among the illiterates than the others. One third of the unemployed had studied up to the middle standard. Matriculates formed the second largest group of unemployed. There was some unemployment among the college educated persons.

Eighty-one per cent of the unemployed had no technical or vocational qualifications. Among the semi employed persons the percentage was somewhat lower (54 per cent). 78 per cent of the unemployed were in the employment market for the first time and the rest had some employment previously.

It is estimated that the percentage of totally or partially unemployed persons in the rural areas of the State is far greater. Since the majority of persons in the rural area have little or no income from their lands they have to augment their resources by work. As both large and small industries are practically non-existent the lot of the people is very hard indeed.

F. C. R.

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INDIAN INSTITUTE OF SOCIAL ORDER

AIMS AND OBJECTS

1. To spread the social teachings of the Catholic Church.
2. To provide theoretical and practical training for social workers.
3. To serve as a centre of information about social works.

PERSONNEL

The I. I. S. O. was started at Poona on January 6, 1951 and is at present staffed by members of the Society of Jesus.

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